

United States Senate

WASHINGTON, DC 20510

October 30, 2009

The Honorable Harry Reid
Senate Majority Leader
S-221 The Capitol
Washington, DC 20510

Dear Majority Leader Reid:

As health reform continues to move forward in the Senate, we strongly urge you to ensure choice and competition in the marketplace for health insurance. When consumers are free to choose and change their insurer they pool their bargaining power and hold insurance companies accountable generating lower premiums, better service, and higher quality health care. That is why we support the creation of insurance exchanges where plans would have to compete on the basis of cost and quality. We are concerned that under current proposals too many Americans will not be able to purchase insurance in the exchanges. To function properly, these markets will need to be robust enough to reform insurance industry behavior to hold down costs and improve quality. To ensure that health reform promotes real competition among insurers, we support a version of Senator Wyden's Free Choice proposal to expand consumer choice by opening up the exchanges.

Exchanges hold the opportunity to offer a range of choices to consumers. In the final health reform bill that the Senate votes on, these choices must be available to a large number of consumers in order to ensure their viability. However, if -- as CBO Director Doug Elmendorf estimates -- less than 10 percent of our country's population is allowed to choose from among these plans -- we will be limiting the opportunity that the exchanges and their innovative new products will have to succeed. In fact, we may be sacrificing one of our best tools for containing costs -- a competitive marketplace of health care options.

We support President Obama's assertion that under health reform, people should be able to keep the coverage they have. Earlier this year President Obama rightly took that statement to its next logical step when he told the American Medical Association that "If you don't like your health coverage or don't have any insurance, you will have a chance to take part in what we're calling a Health Insurance Exchange." We couldn't agree more that people who do not like the coverage they currently have should be able to choose something better. Moreover, by opening the exchanges to more consumers, we will enhance competition, generate greater risk pooling, and hold down health care costs for millions of Americans, some estimate by as much as \$360 billion over ten years.

At the same time, we understand the interests of those who have collectively bargained for good benefits and it is important to ensure that these plans maintain a critical mass of policy holders.

Therefore, we would make an exception from this free choice provision for those employees who have opted to collectively bargain for their plans.

So far, the proposals moving through the Senate have paved the way for a new foundation of health insurance in America. It is our responsibility to make sure this foundation and these exchanges are successful. Incorporating a version of the Free Choice proposal in the Senate bill can help achieve the President's and our goals of increasing consumer choice, promoting competition, holding down costs and improving quality. We stand ready to work with you to do so. Thank you for your consideration.

Sincerely,

Pat Wyden

Mary Landrigan

Barack Sanders

Erin Boyle

Tim Nelson

Theresa L. Cantrell

Will A. Kop

Jeanne Shaker

Robert W. Barnes

Barbara Boyer